



# Council Agenda Report

To: Mayor Jennings and the Honorable Members of the City Council

Prepared by: Julia James, Director of Administrative Services

Approved by: Katie Lichtig, City Manager

Date prepared: November 6, 2002 Meeting date: December 9, 2002

Subject: Annual Audit Report and Management Letter for Fiscal Year 2001-02

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RECOMMENDED ACTION: Receive and File Report.

FISCAL IMPACT: None

DISCUSSION: The City's independent auditors, Vavrinek, Trine, Day & Co., LLP, have concluded their annual financial audit of the City for the fiscal year ended June 30, 2002, and have approved the issuance of the Comprehensive Annual Financial Report (CAFR).

The CAFR reflects that the City's financial condition continues to improve with total fund equity of \$15.3 million at June 30, 2002, an increase of \$2.6 million over the previous fiscal year. This is a result of the City's diligent efforts to build the General Fund reserves, which totaled over \$9.8 million at fiscal year-end. Of that amount, \$340,862 was reserved for encumbrances and prepaid expenses, over \$2.2 million was designated for authorized expenditures (including \$1.45 million for the future City Hall) and the remaining \$7.26 million was undesignated.

The Special Revenue Funds, which account for all restricted monies designated for specific uses, ended the 2001-2002 fiscal year with an aggregate Fund Balance of slightly over \$2 million, representing a decrease of \$400,000 over the previous fiscal year. This decrease is a result of utilizing Traffic Safety Fund reserves to pay for the street overlay project.

The auditors did not find any weaknesses with regards to operating efficiency and internal controls and therefore did not issue a management letter this year.

ATTACHMENTS: The CAFR has been distributed to the City Council and is on file in the City Clerk's office.

